

# Police and Fire Retirement System

FY 2002 Proposed Operating Budget: \$74,600,000  
 FY 2002 Proposed Capital Budget: \$0

The Police and Fire Retirement System provides annuity payments and other retirement and disability benefits for the District Metropolitan Police and Fire Department retirees and survivors.

**The proposed FY 2002 operating budget is \$74,600,000, an increase of \$25,600,000, or 52 percent, over the FY 2001 approved budget.**

## Budget Summary

The FY 2002 proposed District contribution to the Police and Fire Retirement System totals \$74,600,000 based on the certified FY 2002 actuarial report and the anticipated cost of the police longevity pay retirement benefit enhancement. The FY 2002 funding level represents an increase of \$25,600,000, or 52 percent, over the FY 2001 budget (tables FD0-1). The budget supports no full-time equivalents (FTEs).

## FY 2002 Initiative

During FY 2002, the District of Columbia will implement the police longevity pay enhanced retirement benefit as approved by Congress in FY 2001. This benefit enhancement encourages experienced police officers to remain on the force by enhancing the retirement benefit for 25 years (plus 10 percent) and 30 years (plus 20 percent) of service.

## Agency Background

The Police and Fire Retirement System is administered by the D.C. Retirement Board, which sets policy, processes beneficiary payments, and manages the fund's investments.

## Program

Under the National Capital Revitalization and Self-Government Improvement Act of 1997, the federal government assumed the District's unfunded pension liability for the retirement plans of teachers, police officers, firefighters, and judges. Pursuant to the act, the federal government pays the future retirement, death, and a share of the disability benefits earned by the beneficiaries vested prior to June 30, 1997 (the freeze date). Benefits earned after the freeze date by teachers, police officers, and firefighters remain the responsibility of the District of Columbia.

## Funding Summary

The proposed FY 2002 local budget is \$74,600,000, an increase of \$25,600,000, or 52 percent, over the FY 2001 budget.

The change is attributable to increases of: \$13,800,000 based on the certified FY 2002 actuarial report; \$1,700,000 for the Police Officers and Fire Fighters' Retirement Fund in FY 2002, pursuant to the Police and Fire Fighters Survival Annuity Adjustment Amendment Act of 2000 that was not included in the FY 2002 actuarial

Table FD0-1

**FY 2002 Proposed Operating Budget, by Comptroller Source**

(dollars in thousands)

Police and Fire Retirement System

	Actual FY 2000	Approved FY 2001	Proposed FY 2002	Change from FY 2001
Subsidies and Transfers	39,900	49,000	74,600	25,600
<i>Subtotal</i> Nonpersonal Services ( <i>NPS</i> )	39,900	49,000	74,600	25,600
<b>Total Proposed Operating Budget</b>	<b>39,900</b>	<b>49,000</b>	<b>74,600</b>	<b>25,600</b>

Table FD0-2

**FY 2002 Proposed Operating Budget, by Revenue Type**

(dollars in thousands)

Police and Fire Retirement System

	Actual FY 1998	Actual FY 1999	Actual FY 2000	Approved FY 2001	Proposed FY 2002
Local	47,700	35,100	39,900	49,000	74,600
<b>Gross Funds</b>	<b>47,700</b>	<b>35,100</b>	<b>39,900</b>	<b>49,000</b>	<b>74,600</b>

report; \$10,000,000 for service longevity payments for metropolitan police officers in FY 2002, pursuant to the Police Recruiting and Retention Enhancement Act of 1999 that was not included in the FY 2002 actuarial report, and \$100,000 to increase the annuity for children of deceased police officers and firefighters. Refer to the FY 2002 Operating Appendices (bound separately) for details.

**Trend Data**

Table FD0-2 shows the expenditure history for FY 1998–proposed FY 2002.